



CML Healthcare Inc.

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## **CML HEALTHCARE SUBSIDIARY CIPHER PHARMACEUTICALS CONCLUDES DISTRIBUTION AND SUPPLY AGREEMENT FOR FENOFIBRATE**

MISSISSAUGA, Ontario, January 30, 2004 - CML Healthcare Inc. ("CML"), (TSX: CLC) today announced that its subsidiary, Cipher Pharmaceuticals Limited, has signed an exclusive North American distribution and supply agreement for its novel formulation of fenofibrate with Reliant Pharmaceuticals, LLC.

Under the terms of the agreement, Reliant has exclusive product supply rights in Canada, Mexico, and the United States, including its territories and possessions, and will purchase finished bulk product from Cipher and make milestone payments upon the achievement of certain objectives. Cipher will be responsible for obtaining initial regulatory approvals for fenofibrate, including any associated costs. Reliant will be responsible for any costs associated with additional approvals.

"Conclusion of this agreement further validates the strength of our first product offering and its commercial potential in large international markets," said Dr. John D. Mull, CML's President and CEO. "With its strong cardiovascular focus, 900-person salesforce, solid industry relationships, and strong U.S. presence, Reliant is an ideal partner for Cipher."

"Cipher's novel formulation of fenofibrate perfectly complements our existing product portfolio and plays directly to the strengths of our salesforce," said Marty Driscoll, Vice President of Sales and Marketing of Reliant Pharmaceuticals. "By leveraging our existing capabilities and physician relationships, we anticipate being able to launch this novel formulation of fenofibrate into the market rapidly following approval."

Cipher filed a New Drug Application (NDA) with the U.S. Food and Drug Administration (FDA) in December 2002 and received notice of acceptance for review in February of 2003. Cipher recently received an approvable letter from the FDA requesting that the Company, prior to receiving approval, provide additional details and answer questions relating to chemistry, manufacturing and labeling for the product. Cipher is currently in the process of responding to the FDA's request for information. Abbott Laboratories, Fournier Industrie et Santé and Laboratoires Fournier SA filed lawsuits in April and October 2003 against Cipher alleging patent infringement and initiating a patent challenge under the provisions of the Hatch-Waxman Act. The suits have been consolidated. Cipher and CML management believes that this type of litigation is common and considers it to be within the ordinary course of business. Cipher intends to vigorously defend itself against the suit and is confident in the strength of its application. The challenge can delay final FDA approval by up to 30 months from March 17, 2003 (the notification date) depending on the outcome of the patent litigation, which is ongoing.

CML's Board of Directors recently approved a Plan of Arrangement that will see the creation of two new publicly traded entities: Cipher Pharmaceuticals Inc., a pharmaceutical company that will own CML's existing drug development and pharmaceutical research businesses, and CML Healthcare Income Fund, an income trust that will own CML's existing laboratory testing and medical imaging businesses. The Plan is subject to approval by CML's shareholders at the Company's Annual and Special Meeting of Shareholders to be held on February 19, 2004.

**About Cipher Pharmaceuticals** Since its inception in 2000, Cipher has followed a business model that involves in-licensing new formulations of existing pharmaceutical molecules incorporating innovative drug delivery technologies and advancing these products through to regulatory approval. The Company then out-licenses the resulting products to international partners with an established commercial presence in key target markets. Cipher's pipeline currently includes three products. In addition to its lead product, fenofibrate, Cipher is also developing novel formulations of the pain reliever tramadol and the acne treatment isotretinoin. **About Reliant** Reliant Pharmaceuticals, LLC markets branded, patent protected, ethical pharmaceutical products to primary care and targeted specialty physicians. Reliant markets a portfolio of products including: Lescol® (fluvastatin) and Lescol®XL (extended release tablets) developed by Novartis for cholesterol management under an exclusive promotion agreement with Novartis Pharmaceuticals Corporation; DynaCirc® (isradipine) and DynaCirc®CR (an extended release formulation), also developed by Novartis for the treatment of hypertension; and Rythmol® (propafenone HCl) and Rythmol®SR (extended release formulation) developed by Abbott Laboratories to prolong the time to recurrence of symptomatic atrial fibrillation in patients without structured heart disease. Reliant's three national sales forces, totaling over 900 professionals, target over 80,000 high volume primary care and specialty physician prescribers throughout the U.S. For more information on Reliant visit [www.reliantrx.com](http://www.reliantrx.com).

**About CML** CML Healthcare Inc. is a leading innovator in healthcare specializing in healthcare and diagnostic services in Canada and drug development. CML Healthcare is publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "CLC" and has approximately 21.0 million common shares outstanding.

To reach CML via the worldwide web logon to [www.cmlhealthcare.com](http://www.cmlhealthcare.com).

Statements made in this news release, other than those concerning historical financial information, should be considered forward-looking and subject to various risks and uncertainties. Such forward-looking statements are based on management's beliefs and assumptions regarding the information currently available. CML's actual results could differ materially from those expressed in the forward-looking statements. Factors that could cause results to vary include, among other things, those expressed in CML's filings with Canadian securities regulatory authorities. All information presented herein should be read in conjunction with such filings.